



EXCERPT FROM THE PROCEEDINGS

OF THE EIGHTH ANNUAL ACQUISITION RESEARCH SYMPOSIUM THURSDAY SESSIONS VOLUME II

Outsourcing the Procurement/Acquisition Function of an Operation: Is It a Good Thing or Not?

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Published: 30 April 2011

Approved for public release; distribution unlimited.

Prepared for the Naval Postgraduate School, Monterey, California 93943

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Report Documentation Page			Form Approved OMB No. 0704-0188		
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE APR 2011		2. REPORT TYPE		3. DATES COVERED 00-00-2011 to 00-00-2011	
4. TITLE AND SUBTITLE Outsourcing the Procurement/Acquisition Function of an Operation: Is It a Good Thing or Not?		5a. CONTRACT NUMBER			
		5b. GRANT NUMBER			
		5c. PROGRAM ELEMENT NUMBER			
6. AUTHOR(S)		5d. PROJECT NUMBER			
		5e. TASK NUMBER			
		5f. WORK UNIT NUMBER			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) J. M. Waller Associates, Inc,11325 Random Hills Road,Fairfax,VA,22030-6043		8. PERFORMING ORGANIZATION REPORT NUMBER			
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)			
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)			
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES Presented at the Naval Postgraduate School's 8th Annual Acquisition Research Symposium, 10-12 May 2011, Seaside, CA. U.S. Government or Federal Rights License					
14. ABSTRACT Outsourcing of the various functions of both the commercial and government world has been occurring for years, but recently, there has been more outsourcing of the procurement/acquisition function than ever before. Although many different functions may be outsourced, the focus of this research analysis will be on outsourcing of the procurement/acquisition function. We will examine the historical reasoning behind the issue of procurement/ acquisition outsourcing, the need for outsourcing, and what drives this need for both government and corporate levels (e.g., shortage of qualified personnel/retiring baby boomers and an inability to hire quickly). The purpose of this research is to examine ways in which the acquisition leadership can improve the process of recruiting, retaining, and training new acquisition professionals into the career field. Research included scrutiny of government policies, regulations, labor laws, and newspapers citing instances of outsourcing. Research also included interviews of government representatives as well as individuals in the acquisition field who have experience with outsourcing. The outcome will enable the acquisition workforce to understand the government's need for acquisition professionals and their role in enhancing and growing the workforce within the confines that are currently present in the government workplace.					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 37	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

The research presented at the symposium was supported by the Acquisition Chair of the Graduate School of Business & Public Policy at the Naval Postgraduate School.

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Preface & Acknowledgements

During his internship with the Graduate School of Business & Public Policy in June 2010, U.S. Air Force Academy Cadet Chase Lane surveyed the activities of the Naval Postgraduate School's Acquisition Research Program in its first seven years. The sheer volume of research products—almost 600 published papers (e.g., technical reports, journal articles, theses)—indicates the extent to which the depth and breadth of acquisition research has increased during these years. Over 300 authors contributed to these works, which means that the pool of those who have had significant intellectual engagement with acquisition issues has increased substantially. The broad range of research topics includes acquisition reform, defense industry, fielding, contracting, interoperability, organizational behavior, risk management, cost estimating, and many others. Approaches range from conceptual and exploratory studies to develop propositions about various aspects of acquisition, to applied and statistical analyses to test specific hypotheses. Methodologies include case studies, modeling, surveys, and experiments. On the whole, such findings make us both grateful for the ARP's progress to date, and hopeful that this progress in research will lead to substantive improvements in the DoD's acquisition outcomes.

As pragmatists, we of course recognize that such change can only occur to the extent that the potential knowledge wrapped up in these products is put to use and tested to determine its value. We take seriously the pernicious effects of the so-called “theory–practice” gap, which would separate the acquisition scholar from the acquisition practitioner, and relegate the scholar's work to mere academic “shelfware.” Some design features of our program that we believe help avoid these effects include the following: connecting researchers with practitioners on specific projects; requiring researchers to brief sponsors on project findings as a condition of funding award; “pushing” potentially high-impact research reports (e.g., via overnight shipping) to selected practitioners and policy-makers; and most notably, sponsoring this symposium, which we craft intentionally as an opportunity for fruitful, lasting connections between scholars and practitioners.

A former Defense Acquisition Executive, responding to a comment that academic research was not generally useful in acquisition practice, opined, “That's not their [the academics'] problem—it's ours [the practitioners']. They can only perform research; it's up to us to use it.” While we certainly agree with this sentiment, we also recognize that any research, however theoretical, must point to some termination in action; academics have a responsibility to make their work intelligible to practitioners. Thus we continue to seek projects that both comport with solid standards of scholarship, and address relevant acquisition issues. These years of experience have shown us the difficulty in attempting to balance these two objectives, but we are convinced that the attempt is absolutely essential if any real improvement is to be realized.

We gratefully acknowledge the ongoing support and leadership of our sponsors, whose foresight and vision have assured the continuing success of the Acquisition Research Program:

- Office of the Under Secretary of Defense (Acquisition, Technology & Logistics)
- Program Executive Officer SHIPS
- Commander, Naval Sea Systems Command
- Army Contracting Command, U.S. Army Materiel Command
- Program Manager, Airborne, Maritime and Fixed Station Joint Tactical Radio System



- Program Executive Officer Integrated Warfare Systems
- Office of the Assistant Secretary of the Air Force (Acquisition)
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- Deputy Assistant Secretary of the Navy (Acquisition & Logistics Management)
- Director, Strategic Systems Programs Office
- Deputy Director, Acquisition Career Management, US Army
- Defense Business Systems Acquisition Executive, Business Transformation Agency
- Office of Procurement and Assistance Management Headquarters, Department of Energy

We also thank the Naval Postgraduate School Foundation and acknowledge its generous contributions in support of this Symposium.

James B. Greene, Jr.
Rear Admiral, U.S. Navy (Ret.)

Keith F. Snider, PhD
Associate Professor



Panel 17 – The People Problem: Research in Acquisition Human Capital

Thursday, May 12, 2011	
11:15 a.m. – 12:45 p.m.	<p>Chair: Jeffrey P. Parsons, Executive Director, Army Contracting Command, U.S. Army Materiel Command</p> <p><i>Determining the Appropriate Size of the Contracting Workforce: Yes We Can!</i></p> <p>Tim Reed, NPS</p> <p><i>How Can Civilian Retention in the Army Contracting Command Contracting Professional Community Be Affected?</i></p> <p>Charles Farrior, DAU</p> <p><i>Outsourcing the Procurement/Acquisition Function of an Operation: Is It a Good Thing or Not?</i></p> <p>Debbie Nicholson, J. M. Waller Associates, Inc.</p>

Jeffrey P. Parsons—Executive Director of the U.S. Army Contracting Command (a new major subordinate command of the U.S. Army Materiel Command, AMC). The Army Contracting Command provides global contracting support to the operational Army across the full spectrum of military operations and in garrison. Mr. Parsons commands over 5,500 military and civilian personnel worldwide, who award and manage over 270,000 contractual actions valued at more than \$80 billion per fiscal year. He exercises command and procurement authority over two subordinate commands, the Installation Contracting Command and the Expeditionary Contracting Command, and also leads the AMC Acquisition Centers, which support AMC's other major subordinate commands and Life Cycle Management Commands. Mr. Parsons was appointed to the Senior Executive Service on December 15, 2003.

Prior to assuming his current position, Mr. Parsons served as the Director of Contracting, Office of Command Contracting, Headquarters, AMC, Fort Belvoir, VA. Responsibilities from the Office of Command Contracting transitioned into the Army Contracting Command. Mr. Parsons continues to serve as the Principal Advisor to the Commanding General of AMC and his staff on all contracting matters and as the AMC Career Program Manager for the Contracting and Acquisition Career Program, with responsibility for the recruitment, training, education, and professional development of the civilian and military contracting professionals who are part of the acquisition workforce.

Prior to his appointment to the Senior Executive Service, Mr. Parsons was the Director of Contracting, Headquarters, U.S. Air Force Materiel Command, Wright-Patterson Air Force Base, OH, where he retired from active duty as an Air Force Colonel after 26 years of service. He was responsible for developing and implementing contracting policies and processes to annually acquire \$34 billion in research and development, production, test, and logistics support for Air Force weapon systems. He was directly responsible for the training, organizing, and equipping of more than 3,000 contracting professionals.

Mr. Parsons' contracting career began in 1977 as a base procurement officer supporting the 90th Strategic Missile Wing at F. E. Warren Air Force Base, WY. He held a variety of positions as a contracting officer with a wide range of experience touching on all aspects of systems, logistics, and operational contracting. He was the Director of Contracting for a multi-billion dollar classified satellite program operated by the National Reconnaissance Office and served twice as a plant commander in the Defense Contract Management Agency. Mr. Parsons also held several key staff positions at



Headquarters, U.S. Air Force, the Air Force Secretariat, and with the Office of the Secretary of Defense, in which he was responsible for the development, implementation, and management of integrated, coordinated, and uniform policies and programs to govern DoD procurement worldwide.

Mr. Parsons received his bachelor's degree in psychology from St. Joseph's University, Philadelphia, PA, and holds two master's degrees—one in administration with a concentration in procurement and contracting from George Washington University, Washington, DC, and the other in national resource strategy from the National Defense University. He is a graduate of the Industrial College of the Armed Forces and the Defense Systems Management College Executive Program Management Course. Mr. Parsons holds the Acquisition Professional Development Program's highest certifications in contracting and program management. He also is a Certified Professional Contracts Manager, National Contract Management Association.



Outsourcing the Procurement/Acquisition Function of an Operation: Is It a Good Thing or Not?

Debbie Nicholson—Director of Contracting, J. M. Waller Associates, Inc. (a service-disabled, veteran-owned business out of Fairfax, VA). Ms. Nicholson has over 20 years of experience in federal government contracting, to include 13 years in the federal government serving as a federal government civil service Contract Specialist/Contracting Officer. She has a DAWIA Level III Certification in Contracting as well as a Certified Federal Contracts Manager (CFCM) certification from the National Contracts Manager Association (NCMA). She graduated from the University of Maryland with a Bachelor of Science degree in Business Administration.
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Abstract

Outsourcing of the various functions of both the commercial and government world has been occurring for years, but recently, there has been more outsourcing of the procurement/acquisition function than ever before. Although many different functions may be outsourced, the focus of this research analysis will be on outsourcing of the procurement/acquisition function. We will examine the historical reasoning behind the issue of procurement/ acquisition outsourcing, the need for outsourcing, and what drives this need for both government and corporate levels (e.g., shortage of qualified personnel/retiring baby boomers and an inability to hire quickly).

The purpose of this research is to examine ways in which the acquisition leadership can improve the process of recruiting, retaining, and training new acquisition professionals into the career field. Research included scrutiny of government policies, regulations, labor laws, and newspapers citing instances of outsourcing. Research also included interviews of government representatives as well as individuals in the acquisition field who have experience with outsourcing. The outcome will enable the acquisition workforce to understand the government's need for acquisition professionals and their role in enhancing and growing the workforce within the confines that are currently present in the government workplace.

Introduction

Outsourcing of the various functions of both the commercial and government world has been common practice for many years. However, it is in the last 25 years that there has been a notable increase in the outsourcing of the procurement/acquisition function. This change is particularly noteworthy and apparent because it has been the topic of numerous headlines, and the subject of much controversy. In order to discuss outsourcing in-depth, we must define the term, the meaning of which can vary depending on the point of view—government or commercial.

Outsourcing (2011) is “to purchase (goods) or subcontract (services) from an outside supplier or source.” *The National Contract Management Association Certified Professional Contracts Manager Study Guide* and the Defense Acquisition University both have similar definitions, which are “a version of the make-or buy decision, commonly used for services, in which a firm elects to purchase an item/service that previously was made/performed in-house” (Wilkinson, 2010).



How Did We Get to the Point of Outsourcing?

During the Depression, companies were forced to look for ways to cut costs to stay in business, which led to the beginning of outsourcing in the commercial sector. These companies would conduct an economic analysis to determine if there could be cost savings by hiring another company to perform a certain portion of the work, or to buy goods from a third-party source, rather than performing those functions themselves. The concept caught on in the federal government with the passing of Office of Management and Budget (OMB) Circular A-76, titled *Performance of Commercial Activities*, in 1955. This initiated a process whereby the federal government reviewed which functions it was currently self-performing that could be performed by a commercial source, to provide a cost savings. The OMB A-76 has been revised many times in the last 10 years, and the concept has continued to grow. There are so many areas of the commercial sector and the federal government that can be outsourced; in order to narrow the field, we will focus on the acquisition/procurement function and how that is outsourced, specifically in the government sector.

Acquisition Transformation

The 1990s should have been labeled the “Era of Acquisition Reform” because there were several pieces of legislation passed that changed how the federal government performed contract procurements and administration. The first was the Federal Acquisition Streamlining Act (FASA), enacted in 1994. The passing of this legislation afforded federal government contracting personnel the ability to utilize new procedures for small purchases (those under \$100,000). In 1995 and 1996, Congress passed the Federal Acquisition Reform Act (FARA) and the Information Technology Management Reform Act (ITMRA), which was almost a complete re-write of the acquisition rules.¹ These pieces of legislation defined “competition” and established various guidelines for competition, notices, and approvals (Federal Acquisition Reform Act, 1995). The new laws also decentralized the IT world from the General Services Administration down to each specific department or agency. This promoted modular contracting at the various agencies. The government believed that it now had the legislative framework to do better—faster and more efficient—contracting. What was left?

There was one more critical piece of legislation that was passed and that is the final piece of the puzzle: the Defense Workforce Improvement Act, passed in 1990. The purpose of this act was to establish education and training objectives for all of the federal government acquisition professionals. The intent was to set a higher standard and level of professionalism for the contracting profession that was desired, needed, and deserved (DoD, 2011). As a result of this legislation, agencies were established to provide the necessary training for the contracting professionals and to develop the standards/training requirements. Now the government *really* felt that they had the laws in place to provide better, faster contracts and would have the necessary contracting professionals to do it.

Inherently Government Functions

Office of Management and Budget A-76 defines inherently governmental functions in the following:

¹ The Federal Acquisition Reform Act was renamed the Clinger-Cohen Act in 1996.



These functions include those activities that require either the exercise of discretion in applying government authority or the making of value judgments in making decisions for the Government. Governmental functions normally fall into two categories:

- (1) the act of governing, i.e., the discretionary exercise of Governmental authority, and
- (2) monetary transactions and entitlement.

An inherently governmental function involves, among other things, the interpretation and execution of the laws of the United States so as to:

- (a) bind the United States to take or not to take some action by contract, policy, regulation, authorization, order, or otherwise;
- (b) determine, protect, and advance its economic, political, territorial, property, or other interests by military or diplomatic action, civil or criminal judicial proceedings, contract management, or otherwise;
- (c) significantly affect the life, liberty, or property of private persons;
- (d) commission, appoint, direct, or control officers or employees of the United States; or
- (e) exert ultimate control over the acquisition, use, or disposition of the property, real or personal, tangible or intangible, of the United States, including the collection, control, or disbursement of appropriated and other Federal funds. (OMB, 1995)²

FAR Part 7.503, which relates to outsourcing work to contractors, specifically states that “contractors shall not do work that is inherently governmental, or work that approaches such manner” (FAR, 2010). So how, or why, does the federal government outsource the federal acquisition process?

The inherently governmental function is subject to interpretation, but most agencies outsource contract administrative tasks, such as contract closeout, price and cost analysis, statement of work development, market research, and the development of the price negotiation memorandum. This allows the government agencies to remain compliant with the above definition, in that only the Government Contracting Officer has signatory authority and only the Government Contracting Officer negotiates or binds the government. So, now we know how the government was getting around the inherently governmental function, as defined by the OMB A-76. The question that remains is why would the government outsource the contract administrative function to a third party?

The answer lies in the numbers: According to the Federal Acquisition Institute’s (FAI, 2009) *FY2009 Annual Report on the Federal Acquisition Workforce*, there are 32,925 Contract Specialists (GS-1102 Series); in 2009, 13% of those were eligible to retire. In 2014, 31% will be eligible to retire, and in 2019, 51% of the Contract Specialists will be eligible to retire. We will assume that these numbers maybe on the high side, due to the fact that the poor economy may not allow all personnel eligible to actually retire. Nevertheless, the government will need to replace, or somehow handle, the loss of

² There is a proposed memorandum that was issued March 2010 by the OFPP to implement changes to the definition of “inherently governmental function.” A final rule has not been published to date.



personnel. So how will the federal government replace the knowledge, skills and abilities of the individuals that will be lost?

Government Intern/Training Program

The government has several types of hiring programs; for example, the Student Temporary Employment Program (STEP), which primarily targets high school students seeking part-time or seasonal work, and the Student Career Employment Program (SCEP), which targets college students. However, there are also a variety of summer job programs, volunteering opportunities, and the Presidential Management Fellows Program, which is aimed toward graduate students. For this paper, we focused exclusively on the Federal Government Intern Program. This program was designed to hire college graduates or individuals who had recently completed a technical certification and to train and keep them in those positions for two years. The positions varied in grade levels but could be a GS-5, GS-7, or GS-9. Although the individuals were not guaranteed a job at the end of the two years, the benefit is that they would have gained knowledge of the federal government, and more importantly, of how the federal government acquisition process works. The intent was that at the end of the two years, the federal government would be able to select the top performers to fill its critical positions (OPM Government Intern Program, n.d.). The reality of the situation began to sink in sometime in the late 1990s, when college graduates were no longer as interested in the positions the federal government was offering. So the idea that the government would get the higher quality employee did not prove fruitful. In *today's* economy, this idea would probably prove to be a very good option, with a few modifications. But still, why were the college graduates no longer interested in the government jobs?

Comments From Current and Former Federal Government Interns

We conducted a survey utilizing various social networks available today to contact federal acquisition professionals who had worked, or were currently working, in the Federal Government Intern Program. These individuals were interviewed to gain their impressions of the program and what they liked or disliked. The results were actually surprising: a distinct line in the sand could be drawn sometime during the 1980s—just about the time that the program changed directions. Most interviewees who had experienced the intern program prior to the mid-1980s (referred to as Group A for discussion purposes) felt that the federal government intern program was very rewarding and one of the “best career moves” that they ever made. This group contained a mix of civilians and military personnel, with the majority belonging to the latter. Group A was asked about the type of projects that they were given to work on, and the type of training they received. Although the projects varied in scope, they all had one thing in common: they brought a sense of purpose to the intern and gave them a challenging and rewarding learning process. The provided training assisted them in performing their job function and helped them learn the process and formalities of the position. Although most members of this group did state that the acquisition process had changed over the years, they felt that the fundamental training they received was key to their learning and their ability to do their job. Group A also had a longer internship—on average, four to five years.

The second group of interns (referred to as Group B) started in the Federal Government Intern Program after the mid-1980s. This group was also comprised of both civilians and military personnel, with the majority belonging to the former. The average internship length was only two years, and when questioned about the types of projects *they* were given to work on, most indicated that they were given administrative contracting tasks,



such as contract close-out or post-award contract administration. This group had a mix of individuals who felt that the experience was not rewarding, and they therefore only stayed the two-year minimum period and then moved on to other opportunities. Those in *this* category left with a non-favorable opinion of the program. The *other* portion of Group B, though the tasks they were given in the beginning were *also* administrative in nature, did stick with the program longer than two years and did find the career field rewarding. Generally, Group B felt that the training provided was adequate but that it needed to be enhanced to better prepare them for the tasks that they encountered in this career field.

So what changed during the late 1980s that caused this shift? Of course, we know acquisition reform has caused major changes in how the federal government acquisition professionals operate, but what else has changed? We know that training has changed and the requirements to enter the profession have changed. When both groups were asked about the requirements to enter the field and training, most felt that the requirements were appropriate, but the training received mixed reviews. Some felt that the training was very good; others felt that they needed additional training in the areas of cost analysis, negotiation, joint ventures, and contract administration. What does the training consist of for the acquisition professional?

Acquisition Professional Training

Most of the federal government has similar training programs that mirror the Defense Acquisition University (DAU). The DAU has a certification program that meets the requirements of the Defense Acquisition Workforce Improvement Act (DAWIA). They have certifications in various areas, but the one that would apply to acquisition professionals is the Contracting certification and is usually required to be promoted to the next level in the 1102 contract series. Other federal government agencies have similar training programs to the DAU, but most require the same courses—they are just numbered differently. Tables 1–3 show the three levels in which to obtain certification and the requirements for each.

Table 1. Level 1—Contracting
(DoD, 2011)

Core Certification Standards (required for DAWIA certification)	
Acquisition Training	None required
Functional Training	<ul style="list-style-type: none"> ■ CON 090 Federal Acquisition Regulation (FAR) Fundamentals (R) ■ Personnel serving in a Contracting Coded position on 30 Sep 2010 are exempt from CON 090 through 30 Sep 2012. ■ CON 100 Shaping Smart Business Arrangements ■ CON 110 Mission-Support Planning ■ CON 111 Mission Strategy Execution ■ CON 112 Mission-Performance Assessment ■ CON 120 Mission-Focused Contracting (R) ■ CLC 033 Contract Format and Structure for DoD e-Business Environment
Education	<ul style="list-style-type: none"> ■ At least 24 semester hours in accounting, law, business, finance, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management ■ Baccalaureate degree (Any Field of Study)
Experience	1 year of contracting experience.



Table 2. Level II—Contracting
(DoD, 2011)

Core Certification Standards (required for DAWIA certification)	
Acquisition Training	ACQ 101 Fundamentals of Systems Acquisition Management
Functional Training	<ul style="list-style-type: none"> ■ CON 214 Business Decisions for Contracting ■ CON 215 Intermediate Contracting for Mission Support (R) ■ CON 216 Legal Considerations in Contracting ■ CON 217 Cost Analysis and Negotiation Techniques (R) ■ CON 218 Advanced Contracting for Mission Support (R)
Education	<ul style="list-style-type: none"> ■ At least 24 semester hours in accounting, law, business, finance, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management ■ Baccalaureate degree (Any Field of Study)
Experience	2 years of contracting experience.

Table 3. Level III—Contracting
(DoD, 2011)

Core Certification Standards (required for DAWIA certification)	
Acquisition Training	ACQ 201A Intermediate Systems Acquisition, Part A
Functional Training	<ul style="list-style-type: none"> ■ CON 353 Advanced Business Solutions for Mission Support (R) ■ 1 additional course from the Harvard Business Management Modules
Education	<ul style="list-style-type: none"> ■ At least 24 semester hours in accounting, law, business, finance, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management ■ Baccalaureate degree (Any Field of Study)
Experience	4 years of contracting experience

One modification that the DAU made to enhance their training was to add a “Core Plus Development Guide,” which was drafted in response to the many requests for additional training in areas that many federal government acquisition professionals indicated that they wanted/needed in order to perform their jobs better. The Core Plus Development Guide grouped the acquisition professionals into 10 different categories or areas of assignment in which an acquisition professional might need training, based upon the types of work that they normally perform. The Guide then designed additional courses and on-the-job training that the acquisition professional could take in order to enhance their education/skills in those areas. The 10 categories are broken down as shown in Table 4.

Table 4
(DoD, 2011)

Type of Assignment	Representative Activities
1 - Operational Contracting	Contracting functions in support of post, camp or stations
2 - Res & Dev	Contracting functions in support of research and development
3 - Sys Acq	Contracting functions in support of systems acquisition, to include all ACAT programs
4 - Logistics and Sustainment	Contracting functions performed by the Defense Logistics Agency or by other offices to sustain weapon systems
5 - Construction/ A&E	Contracting functions in support of construction and/or architect and engineering services
6 - Contingency/ Combat Ops	Contracting functions performed in a contingency or combat environment
7 - Contract Admin Office	Contracting function is primarily focused on contract administration
8 - Contract Cost/Price Analyst	Contracting function is primarily focused on advanced cost/price analysis
9 - Small Bus Specialist	Contracting function is primarily focused on advising small businesses or on strategies for maximizing use of small businesses
10 - Other	Contracting functions that perform a variety of assignments or are at a headquarters, secretariat, or OSD

Lists of courses were then recommended based upon the type of assignment and the level of certification that the acquisition professional was assigned. These courses are shown in Tables 5–7.



Table 5. Level I—Contracting
(DoD, 2011)

Core Plus Development Guide (desired training, education, and experience)	Type of Assignment									
Training	1	2	3	4	5	6	7	8	9	10
<u>CLC 003</u> Sealed Bidding	✓			✓	✓					
<u>CLC 004</u> Market Research	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 005</u> Simplified Acquisition Procedures	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>CLC 009</u> Service-Disabled, Veteran-Owned Small Business Program	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>CLC 020</u> Commercial Item Determination	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 024</u> Basic Math Tutorial	✓	✓	✓	✓	✓	✓	✓	✓		✓
<u>CLC 028</u> Past Performance Information	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>CLC 030</u> Essentials of Interagency Acquisitions/Fair Opportunity	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 043</u> Defense Priorities and Allocations System	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>CLC 045</u> Partnering	✓	✓	✓	✓	✓	✓	✓			✓
<u>CLC 046</u> Green Procurement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 054</u> Electronic Subcontracting Reporting System (eSRS)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 055</u> Competition Requirements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 060</u> Time and Materials Contracts	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 061</u> Online Representations & Certifications Application (OCRA)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 062</u> Intra-Governmental Transactions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 105</u> DCMA Intern Training							✓			
<u>CLC 113</u> Procedures, Guidance, and Information	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 131</u> Commercial Item Pricing	✓	✓	✓	✓			✓	✓		✓
<u>CLC 132</u> Organizational Conflicts of Interest	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 133</u> Contract Payment Instructions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLG 001</u> DoD Government Purchase Card	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLG 004</u> DoD Government Purchase Card Refresher Training	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLG 005</u> Purchase Card Online System (PCOLS)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLM 023</u> Javits-Wagner-O'Day (JWOD) Tutorial	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>CON 237</u> Simplified Acquisition Procedures	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>CON 243</u> Architect-Engineer Contracting (R)					✓					
<u>CON 244</u> Construction Contracting (R)					✓					
<u>FAC 007</u> Certificate of Competency Program	✓	✓	✓	✓	✓	✓	✓		✓	✓
<u>SPS 101</u> Standard Procurement System and federal Procurement Data System -- Next Generation User	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Table 6. Level II—Contracting
(DoD, 2011)

Core Plus Development Guide (desired training, education, and experience)	Type of Assignment									
	1	2	3	4	5	6	7	8	9	10
Training										
<u>ACQ 265</u> Mission-Focused Services Acquisition (R)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 001</u> Defense Subcontract Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 006</u> Contract Terminations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 007</u> Contract Source Selection	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 008</u> Indirect Costs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 013</u> Performance-Based Services Acquisition	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 019</u> Leveraging DCMA for Program Success	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 026</u> Performance-Based Payments Overview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 027</u> Buy American Act	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 031</u> Reverse Auctioning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 035</u> Other Transaction Authority for Prototype Projects: Comprehensive Coverage	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 036</u> Other Transaction Authority for Prototype Projects Overview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 037</u> A-76 Competitive Sourcing Overview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 039</u> Contingency Contracting Simulation: Barda Bridge	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 040</u> Predictive Analysis and Scheduling	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 041</u> Predictive Analysis and Systems Engineering	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 042</u> Predictive Analysis and Quality Assurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 044</u> Alternative Dispute Resolution	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 047</u> Contract Negotiation Techniques	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 050</u> Contracting with Canada	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 102</u> Administration of Other Transactions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 103</u> Facilities Capital Cost of Money	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 104</u> Analyzing Profit or Fee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 107</u> OPSEC Contract Requirements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 108</u> Strategic Sourcing Overview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 110</u> Spend Analysis Strategies	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 112</u> Contractors Accompanying the Force	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 114</u> Contingency Contracting Officer Refresher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 120</u> Utilities Privatization Contract Administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLC 125</u> Berry Amendment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLM 013</u> Work-Breakdown Structure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLM 031</u> Improved Statement of Work	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLM 032</u> Evolutionary Acquisition	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLM 038</u> Corrosion Prevention and Control Overview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<u>CLM 040</u> Proper Financial Accounting Treatments for Military Equipment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



Education
Graduate studies in business administration or procurement
Experience
Two (2) additional of contracting experience

Table 7. Level II—Contracting
(DoD, 2011)

Core Plus Development Guide (desired training, education, and experience)	Type of Assignment									
Training	1	2	3	4	5	6	7	8	9	10
ACQ 201B Intermediate Systems Acquisition, Part B (R)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ACQ 370 Acquisition Law (R)	✓	✓	✓	✓	✓	✓	✓			✓
BCF 102 Fundamentals of Earned Value Management			✓				✓			
CLB 007 Cost Analysis	✓	✓	✓	✓	✓	✓	✓	✓		✓
CLB 011 Budget Policy			✓							
CLB 016 Introduction to Earned Value Management			✓		✓		✓			
CLC 023 Commercial Item Determination Executive Overview	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Education										
Masters degree in business administration or procurement										
Experience										
Four (4) additional years of contracting experience										

Since the federal government uses the intern program to recruit for approximately 20% of the vacancies in its acquisition workforce, there are still areas that need to be addressed. Where else does the federal government recruit from to replenish its workforce?

Government Hiring Process

The federal government has modified its recruiting process to reduce the amount of time it takes to hire from the outside—or even to hire from within the federal government. The usual process takes about four months to hire from within the government and about nine months to hire from outside the government. The federal government has streamlined its procedures by eliminating the Standard Form 171 Application for Federal Employment and has advanced to a more commercial application process. Applicants are asked to submit a resume, complete a short application form with basic information (a process usually completed online), and may have to submit supporting documentation to validate qualifications such as a diploma, certifications, etc. The Office of Personnel Management also eliminated the written Knowledge, Skills, and Abilities (KSA) requirement from most job opportunity announcements. Although the applicant is still required to demonstrate these KSAs, they may do so through their resume and not through a separate written document, as was previously required. The elimination of these requirements, and the use of a more streamlined process, results in an increase in the number of applicants to the federal government. However, there still remains the long lead time required to hire acquisition professionals. The hiring process is also encumbered by the fact that due to budget cuts,



some open positions are being eliminated. So how does the federal government deal with the increase in federal procurement requirements and the complexity of the requirements becoming more intensive?

Alternatives to Hiring In-House Personnel (Outsourcing)

The federal government is faced with an increase in the number of procurement requirements, the increased complexity of the procurement requirements, and the fact that the contract administrative burden has increased over the last 10 years due to recent legislative issues and the Government Accountability Office audits that have been performed. This leaves contracting agencies with the dilemma of fulfilling procurement requirements for their agency's clients and having the necessary staff that can perform the procurement functions. The intern program was one option and the recruiting of in-house personnel another, but both had drawbacks. Agencies began to look to outside contractors who could perform some of the administrative acquisition functions. At first, this was just the contract close-out actions; then it migrated to the post-award contract administrative function, and now it covers everything except acting and signing on behalf of the federal government. So now that the federal government is outsourcing a portion of the procurement process, what are the true benefits to the government?

Benefits

- Professional Federal Acquisition Contractors are able to hire faster than the federal government and are only subjected to the budgetary constraints of the contract.
- Although these contracts are not personal services, the federal government can usually stipulate the desired skill level of the personnel that are placed on the contract, and if the personnel do not meet the requirements of the contract, the Professional Acquisition Contractor can be requested to provide replacement personnel that do meet the requirements.
- The cost of procurement is lower, when the cost of in-house personnel is compared with the contractual cost of the Professional Acquisition Contractor.
- The federal government headcount numbers are reduced.
- The Professional Acquisition Contractors are able to recruit, train, and retain personnel more quickly and efficiently than the federal government.
- The Professional Acquisition Contractors are able to improve overall procurement pricing and provide better market and supplier intelligence due to their ability to obtain and train a higher skill level of people or to be able to at least have the possibility of reaching those resources that the federal government does not have at its disposal.

However, with the employment of Professional Acquisition Contractors in the workplace, there are also disadvantages that must be reviewed as well.

Disadvantages

- There is a much greater possibility of Organizational Conflict of Interest that will need to be monitored since you have the potential for federal Contractors to oversee the contract administration, pre-award activities, and in some cases, even sit in on the source selection evaluation board as subject matter experts.



- The turnover rate of personnel under the contract may not be conducive to accomplishing the procurement process within the time constraints allowed.
- There may appear to be cost savings in the first few years, but when costs are compared at five years or longer, the cost savings are minimal and in some cases do not exist at all.
- The Procurement Acquisition Contractors still require federal government Contracting Officers to oversee the work that they were contracted to do as well as administer the actual contract that authorizes their work—thereby offsetting some of their benefits by creating additional acquisition workload themselves.

Looking at both the pros and cons, is it beneficial to outsource this portion of the acquisition function to Procurement Acquisition Contractors versus hiring in-house personnel? Each agency must base that decision upon its own procurement requirements, staffing, and budgets. However, one thing that the federal government can do is look at what the Procurement Acquisition Contractors are doing to recruit, train, and retain personnel and try to emulate that model.

Changes That Need to Be Made

The government recruiting procedure still needs to be reviewed and a path forward established to streamline the process to match industry standards. In the commercial environment, a senior-level recruiter typically has 18–20 job requisitions to fill at any given time. Currently, the government does not conduct active recruiting, and therefore, recruiters are not utilized. When comparing a typical government management analyst, who would perform similar functions, they can have anywhere from five to 50 job requisitions at one time. Government management analysts are trained to review resumes; however, they do not pre-screen or pre-interview candidates as recruiters in the commercial environment do. Pre-screening requires the management analyst to know and understand the manager's exact specifications for the position, and that is generally not the case in the government sector. While this is not currently practiced, it may be an area for change. Although the federal government may prefer standardization and adherence to labor laws, the labor laws do allow for a more active recruiting effort, which could prove beneficial to resolve the acquisition professional problem.

The DAU, as well as similar agencies/organizations, has taken a big step to bridging the gap in the required training that is needed with the addition of the Core Plus Development Guide. The DAU has plans to continually review their training curriculum to determine whether it meets the needs of the acquisition professionals. The only foreseeable change in this area, which is not currently being addressed in the commercial environment, is to implement testing for the acquisition professional at the end of each certification level to ensure understanding of all required training. Currently, the DAU and other organizations test at the end of each class, but commercial organizations (e.g., the National Contract Management Association, NCMA, and the Federal Acquisition Institute, FAI) test at each level of certification. After interviewing candidates who have completed both certifications, it appears that most candidates value their commercial certifications over their federal government certifications. The commercial certification test required testing on *all* of their knowledge from the required courses and was closed book. By contrast, most of the tests for individual courses were open book. A test at each level of certification (versus just after each course) ensures that the individual has not merely memorized information from a



single session but rather mastered the acquisition concepts presented in all required courses.

Although the federal government offers great benefits and job security, research indicated that acquisition professionals who left the government service for a similar position in the commercial sector had done so based upon salary. Salary in the commercial environment is more competitive than the federal government. This is primarily due to the fact that the federal government is inflexibly structured with specific timing of promotions and step increases, while the commercial environment is not as structured. Other comments indicated that while the federal government prides itself on offering great benefits, the majority of the commercial sector offers similarly competitive benefits, to include vacation and/or sick time, health benefits, retirement plans, short- and long-term disability, bonuses, education reimbursement/tuition assistance, and certification programs similar to the DAU. This presents competition for the federal government. The pay banding system (designed to replace the General Services, GS, schedule), which provided government employees with the ability to negotiate or move within the pay bands depending on individual performance, was implemented to mitigate this situation. However, with the downturn of the economy, the pay banding system is being converted back to the GS schedule. The commercial environment has not made this switch for acquisition professionals. As such, the federal government will continue to be at a disadvantage in the ability to offer overall compensation that is competitive with the private sector and should instead focus on attracting new employees by featuring its strength as a stable job source whenever possible.

What Can We, As Acquisition Leaders, Do?

One of the areas in which young or entry-level acquisition professionals experienced the most frustration concerned the types of work that they were asked to complete. They performed strictly administrative tasks and were not challenged to their full potential. Some felt that performing contract close-out or post-award contract administration was not as rewarding as they hoped and felt that they wanted the opportunity to do more and to grow within the agencies. Agencies *could* implement an acquisition mentoring program where an entry-level acquisition professional is assigned a senior-level (GS-13 or higher) professional who could mentor them along. Specifically, they could work together on the larger, more complex, and more visible procurement acquisitions, in addition to the routine contract administrative functions that they are assigned. This could serve as a win-win scenario for both the junior acquisition person and the senior-level person. The senior-level person has an additional person to share the workload with and would be training the junior person to handle a future large or complex acquisition on his or her own. The mentor should include the junior acquisition individual in all meetings related to the assignment, which in some cases may be multiple assignments, but the end result is that the acquisition leadership needs to challenge and stimulate the younger generation in order to grow the profession.

In the early 1990s, agencies used to sponsor elementary schools and personnel volunteered in a mentor capacity. However, this is no longer as prominent as it used to be. Perhaps the agencies should engage high schools, colleges, and universities to establish mentorships for the potential acquisition professionals that may be learning within the school environment. Another suggestion is for the DAU to grant Continuing Learning Points (CLPs) to senior acquisition professionals who mentor or teach classes in order to foster and grow the federal government acquisition workforce. Most universities are more than willing to work with senior staff members in order to better prepare their students for the business world.



Conclusion

Changes within the federal government occur slowly, but they do happen. They begin with an idea and motivation. With the possibility of 50% of the acquisition professionals in the federal government retiring by 2014, and under current budgetary constraints, the federal government needs to begin making strategic and effective hiring decisions. Some of the required changes will take a significant amount of time and effort to occur, but if each of us mentored one or two junior acquisition professionals, we could develop them into strong, well-trained acquisition professionals. Richard Bach (2011) once said, and it is very appropriate for this situation, "Learning is finding out what we already know. Doing is demonstrating that you know it. Teaching is reminding others that they know just as well as you. You are all learners, doers and teachers." The only way to expand the acquisition profession is for us to act as mentors and teachers and demonstrate to the junior-level acquisition professionals all the great things that this profession has to offer.

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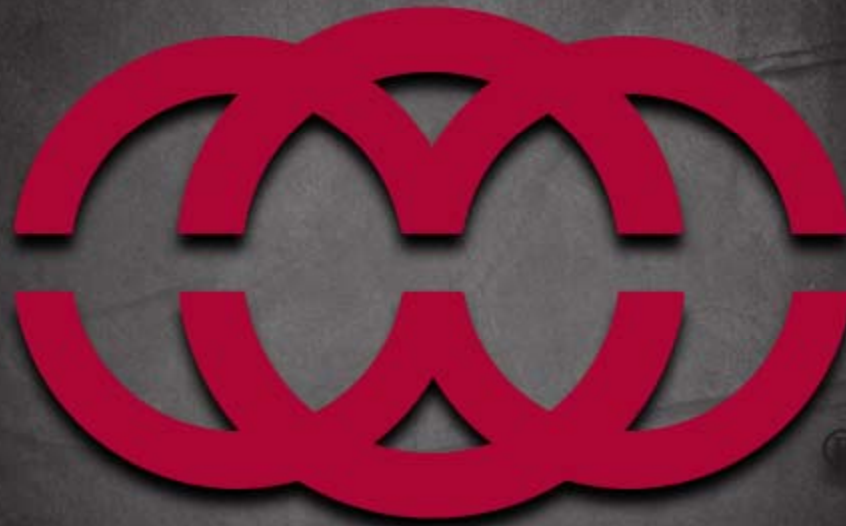
Acknowledgements

I would like to thank all of the people who supported me throughout the process of researching, interviewing, and writing this paper. I first have to thank Mr. Jim Emery, CFO at J. M. Waller Associates, Inc., who prompted and pushed me to submit my ideas for this symposium. Next, I would like to thank all of the NCMA alumni and GS-1102 alumni who responded to my requests for input on their opinions and experiences with the federal government acquisition intern program. I have to thank my staff, who put up with all of the frustrating moments in getting everything pulled together for this, as I think I may have gained a few more gray hairs. I have to thank some very special colleagues who tirelessly reviewed and edited, even down to the wire. They are Ms. Taryn Hermansen, Ms. Kate



Hutson, and Mr. Eric Spillman. I also have to thank Mr. Brian Mitchell, who continued to encourage and support me and review the final paper throughout the entire process. And last but not least, I would be remiss if I did not thank my children for helping laugh throughout the entire process and my parents for reminding me that strength comes from within. If there is anyone that I missed, please accept my sincere apologies, and somehow, someday, I will make it up to you.





Outsourcing the Procurement/Acquisition Function of an Operation

8th Annual Acquisition Research Symposium
May 10 – 12, 2011
Debbie Nicholson





What is Outsourcing?

To purchase (goods) or subcontract (services) from an outside supplier or source that was previously made/performed in-house



Why does the Federal Government Outsource?

1. To provide cost savings
2. Insufficient internal resources to satisfy the current needs



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History of Outsourcing

- 1955 – Office of Management and Budget (OMB) Circular A-76 “Performance of Commercial Activities”
- 1990 – Defense Workforce Improvement Act (DAWIA)
- 1994 – Federal Acquisition Streamlining Act (FASA)
- 1995/1996 – Federal Acquisition Reform Act (FARA)
Information Technology Management Reform Act (ITMRA)



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Government Functions

Inherently Government Functions

- Contract Administrative Tasks
 - Contract Administration
 - Contract Closeout
 - Price Cost Analysis
 - SOW Development
 - Market Research
 - Development of Price Negotiation Memorandum



Acquisition Workload

- 32,925 Contract Specialists (GS-1102s) in 2009
 - 13% were eligible to retire in 2009
 - 31% in 2014
 - 51% in 2019



Internal Resources - Available

- Student Temporary Employment Program (STEP)
- Student Career Employment Program
- Presidential Management Fellows Program
- Federal Government Intern Program
- Cross Hiring from Other Agencies



Have these programs worked?

- Surveyed personnel who are currently enrolled in these positions and have had these positions
 - Majority did not feel the program satisfied their professional goals
 - Personnel who had served in the positions prior to the 1980 were very pleased with the experience
- What changed?



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Changes

Pay – Government is known for being a good paying employer; but not the best.

Benefits – Government is known for having good benefits, which are now being matched by Federal Contractors.

Training - Defense Acquisition University (DAU) has continually updated their training to meet the needs of the GS-1102 Contract Specialist, but is flawed in the time it takes to receive the training.



Changes (cont.)

Recruiting/Hiring Process - Government Hiring Process has changed from the Standard Form 171, and KSAs to the Resume Format and more on-line submissions, but the average time to bring someone on board is approximately 6 to 9 months (if budget allows). Government does not currently do active recruiting, they solicit good talent needs to be recruited.

Job Security – Government has this one pretty much in the bag but it is not as stable as it used to be.



Pros/Cons of Outsourcing

Pros

- Hire skilled personnel faster
 - Maintain necessary personnel levels as required
- Total personnel cost may be lower
- Government headcount numbers are lower

Cons

- Organizational Conflict of Interest
- Turnover rate of personnel
- True cost savings???
- Contracting Officers are still required for oversight of work being performed



What can the Government do better?

Pay – The economy has had an impact and this may not need to be addressed at this time, but in the future a separate pay schedule may be appropriate and at one time was being considered.

Benefits – No changes.

Training - Defense Acquisition University (DAU) could try to offer the training more frequently and through various teaching mechanisms (i.e. on-line classes).



What can the Government do better? (cont.)

Recruit/Hiring Process – Government should hire recruiters. In the commercial world recruiters typically have 18-20 job vacancies that they are trying to fill at any one time and are constantly trying to find the best candidate for the job. Cross-hiring of government 1102's is just stealing another agency's employees.

Job Security – No changes.



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What can we as Acquisition Leaders do?

Mentor – Take the time to inspire a new entry level acquisition professional and show them the highlights of the profession

Lead – Take the lead on a big project and take your mentor along so that the two of you can be champions together.



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What can we as Acquisition Leaders do? (cont.)

Teach – As you go along teach the lessons that you have learned, the good, the bad and the ugly

Watch – Sit back and watch the younger generation grow, lead and teach as you have taught them it is invigorating to see the acquisition profession grow as they have grown



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Government is slow to make regulatory changes but there are changes that you can make within the regulations that can make the difference.

